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TAGS: [PARM](#) [ETTC](#) [MTCRE](#) [TSPA](#) [PREL](#) [IN](#) [UP](#)

SUBJECT: UKRAINE: APPEAL FOR USG FORBEARANCE ON INDIA SPACE
PROGRAM COOPERATION

Classified By: Political Counselor Kent Logsdon for reasons 1.4(b,d)

11. (C) This is a request for guidance. Request that the Department provide the U.S. position regarding Ukraine company Yuzhnoye's contract to prepare blueprints for a semi-cryogenic, liquid-oxygen/kerosene-fueled rocket engine for the Indian Space Research Organization, as detailed below, and especially whether the U.S. would have any objections to fulfillment of the contract.

12. (U) We met September 5 with National Space Agency of Ukraine (NSAU) Deputy Director General Eduard Kuznetsov at Ukrainian request. He was joined by NSAU Division Director Ihor Chuprin; NSAU International Cooperation Department Deputy Director Volodymyr Fedotov; Yuzhnoye Construction Bureau Department Director for Marketing, Export Control, and Licensing Hennadiy Varyanychko; and MFA Arms Control and Military Technical Cooperation Counselor Oleh Belokolos. Kuznetsov began his presentation by stressing Ukraine's scrupulous observance of Missile Technology Control Regime (MTCR) requirements. Ukraine's strict adherence to MTCR had led the Ukrainian government to cancel Pavlohrad Chemical Plant's export license to provide mixers to Cyano Chemisive Systems of India. As a result, Cyano Chemisive Systems sued Pavlohrad Chemical Plant, and Pavlohrad Chemical was blocked from conducting business in India for a 7-year period, losing numerous potential business opportunities. Furthermore, Pavlohrad Chemical's competitors in the tender, U.S. companies Mayers and Thiokol, had stepped in to secure Pavlohrad Chemical's contract.

13. (SBU) With this painful experience and in the spirit of openness, Kuznetsov continued, NSAU was sharing the details of a contract between Yuzhnoye and the Indian Space Research Organization (ISRO) for Yuzhnoye to supply plans and technical specifications for the construction of a semi-cryogenic, liquid-fuel rocket engine. Realizing the MTCR sensitivities of the contract, Kuznetsov stressed the number of safeguards that the Ukrainian government had built into the contract, as detailed in the non-paper in para 5.

14. (C) In a conversation after the meeting, Varyanychko specified that the contract was for delivery of blueprints for the rocket engine that ISRO would use to build its own engine; Ukrainian companies simply did not have the capability actually to construct the engine themselves. He stressed that the information would allow ISRO to build only one model of engine and reiterated the point that Yuzhnoye would not provide any engineering or technical details on how the plans had been developed. Belokolos noted that, if Ukraine lost the contract, Russian companies would step in and warned that the U.S.-Ukraine relationship would be very negatively affected if the public and government officials were to learn that the U.S. had prevented the deal from going

through. Varyanychko said the State Export Control Service had earlier authorized a license to negotiate the deal, but was now holding up the export license to fulfill the contract. He appealed for a speedy and positive U.S. response.

15. (SBU) Begin text of Ukrainian non-paper.

On the cooperation between Ukraine and the Republic of India

In the framework of Ukraine-US bilateral cooperation in the sphere of nonproliferation of WMD and its delivery systems, and referring to the request of the U.S. Side at the regular meeting of the Ukraine - US Nonproliferation and Export Control Working Group (June 26-27, 2007, Kyiv, Ukraine), we would like to provide you with the following information about the cooperation between Ukraine and the Republic of India in the space and rocket sphere.

-- Cooperation between Ukraine and India in the space and rocket sphere is based on the Framework Agreement between the Cabinet of Ministers of Ukraine and the Government of the Republic of India of June 2, 2005 aimed at "expanding peaceful use of outer space, preserving outer space open for broad international peaceful cooperation." The above-mentioned Framework Agreement emphasizes strict adherence of the Parties to the provisions of the Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space Including the Moon and Other Celestial Bodies of January 10, 1967, of other multilateral treaties and agreements on exploration and use of outer space joined by the both Parties.

-- The cooperation between Ukraine and the Republic of India

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in the sphere of peaceful use of outer space will be conducted in full compliance with the requirements of the international export control regimes, in particular, the requirements of the Missile Technology Control Regime, with Ukraine's international obligations, as well as under the condition that the Indian Side will provide Ukraine appropriate government assurances of non-proliferation of missile technologies and their use for peaceful purposes only.

-- In the framework of the Agreement, Ukraine and India are planning to develop their cooperation in the sphere of space exploration and peaceful use of outer space strictly adhering to their international obligations, in particular, in the sphere of production of space transport systems and conducting special scientific researches for assembling, producing, launching, operating and using the launch vehicles, satellites and other space systems, as it is stated in the corresponding paragraphs of the Article 3 of the Framework Agreement.

-- In order to ensure the transparency of Ukraine-India cooperation in space sphere, the text of the Agreement is put up on the official web-page of the National Space Agency of Ukraine (NSAU).

-- The first concrete step in Ukraine-India cooperation in space sphere was the November 2006 contract for the development of semi-cryogenic liquid-propellant rocket engine using the "liquid oxygen-kerosene" components for the Indian Side (Indian Space Research Organization).

-- The goods technical documentation for the production of the concrete semi-cryogenic liquid-propellant rocket engine for the space rocket-carrier which are to be transferred to the Indian Side falls under the Category I items of the MTCR Control Lists.

-- Under above-mentioned contract it is envisaged to supply to the Indian Space Research Organization the rocket engine technical documentation. In order to meet the requirements

of the Missile Technology Control Regime, the Government of India provided appropriate assurances (International Import Certificate and the End-User Certificate) stipulating that the items under this contract will be used for peaceful purpose only.

-- In addition, the contract specifies the following obligations of the Indian Side:

¶1. The Indian Space Research Organization is the importer and the end-user of the transferred goods.

¶2. The received goods will be used for the peaceful exploration of outer space only; the data will not be copied, modified, upgraded, re-exported or transferred to the third side without the permission of the State Enterprise "Yuzhnoe Construction Bureau" and the specially authorized body of the executive power of Ukraine on state export control issues;

¶3. The use of the goods for military purposes or for the creation of the weapons of mass destruction is ruled out;

¶4. The Ukrainian authorized bodies will have a right to conduct inspections verifying the correct use of goods for declared purposes.

¶5. The contract will come into force only after the appropriate Ukrainian state authorities will have provided the Republic of India with all necessary permissions.

-- It is necessary to add, that the contract does not foresee the delivering to the Indian Side the calculation methods used during the engine development and the appropriate software.

-- At the same time, the world-wide experience in the construction of intercontinental ballistic missiles shows that the use of engines with low-boiling fuel components in modern strategic missile weapons is not practical. Currently, the Ukrainian Side has all reasons to consider the semi-cryogenic liquid-fuel rocket engine created under the concluded contract as the one to be used for peaceful space purpose only.

End text.

¶6. (U) Visit Embassy Kyiv's classified website:
www.state.sgov.gov/p/eur/kiev.

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